



VIRGINIA HEALTH REFORM INITIATIVE



**Delivery and Payment Reform Task Force
November 18, 2010**

Introduction

- ▶ **The Meeting Objective:**
 - ▶ Begin preparing a set of recommendations on delivery and payment reform for consideration by the full Advisory Council.
- ▶ **The Presentation:**
 - ▶ Based on analysis of testimony from public meetings and documentation on the experience of dozens of national and other-state initiatives
 - ▶ Includes a draft framework and a broad set of draft recommendations for review and comment by the Task Force and the public audience.
- ▶ **The Invitation:**
 - ▶ This is a DRAFT
 - ▶ We invite and encourage critical review and improvements

Overview

- ▶ Broad concerns about service delivery and payment today
- ▶ Broad opportunities for improvement
- ▶ General findings on delivery and payment reform efforts
- ▶ Innovative models being tested in Virginia and beyond (including multi-stakeholder approaches)
- ▶ Potential roles the state could play
- ▶ A set of draft guiding principles and evaluation questions
- ▶ A set of preliminary draft recommendations for consideration by the full Advisory Council

Broad concerns...

- ▶ Health care spending is on an unsustainable path.
- ▶ Health care access and quality are inadequate for large numbers of Virginians.
- ▶ Some current methods of delivery and payment can contribute to higher costs and lower quality of care.

Broad opportunities...

1. Consumers, providers, purchasers, health plans, and government can all play a role in improving health and health care.
2. While there are traditional delivery and payment models that work well, there are also examples of innovative models which could be tested and spread throughout the system.
3. We have an opportunity to systematically examine both traditional and innovative models against established performance criteria, and make an effort to spread models that work.
4. There are proven strategies for systematically testing and spreading health care innovation which could be applied to accelerate improvement of health care for all Virginians.

General findings from reform efforts...

1. Delivery and payment reform is essential for achieving the triple aim of better health, better health care, and a lower cost trajectory.
2. There is no single, 'one-size-fits-all' model delivery and payment which is universally best for every population and setting of care.
3. States and communities are achieving positive change by systematically testing and spreading models that work, with engagement from multiple stakeholders.

Innovative models of delivery & payment...

1. Medical Homes
2. Chronic Care Model
3. Integrated Primary Care / Behavioral Health Models
4. Accountable Care Organization Model
5. Community Support Models
6. Diverse Hospital and Specialty Care Models for Specific Conditions

Innovative models of delivery & payment...

- 7. Enhanced Fee for Service Payment
- 8. Bundled Payment
- 9. Global Payment
- 10. Pay for Performance
- 11. Value Based Insurance Design

Innovative models of multi-stakeholder collaboration...

1. Beacon Communities
2. 'How Will We Do That' Communities
3. Network for Regional Health Improvement Collaboratives
4. Patient Centered Primary Care Collaborative State & Local Pilots

What roles might the state play?

1. Articulate a vision for excellence
2. Convene multiple stakeholders
3. Leverage state purchasing power
4. Implement state policy changes and regulations
5. Leverage federal health care reform
6. Advocate to federal policy makers to assure state flexibility

What principles should guide reform efforts?

- ▶ Ideally, delivery and payment reform efforts should:
 1. Be population-based
 2. Be patient-centered
 3. Require personal accountability
 4. Be value-driven
 5. Be informed by stakeholders
 6. Be transferable
 7. Engage multiple payers
 8. Be aligned across sectors

How should models be evaluated?

Does the model:

1. Reward patient-centered care?
2. Reward value of care over volume of care?
3. Reward quality, safety, and efficiency?
4. Reward continuity and coordination of care across multiple providers?
5. Engage patients as informed and responsible partners in their care?

How should models be evaluated?

Does the model:

6. Appropriately incorporate risk adjustment?
7. Ensure reasonable timeframes for implementing practice improvements?
8. Provide payment sufficient to support sustained practice by reasonably efficient providers?
9. Require provider accountability for performance?
10. Improve health outcomes?

How should models be evaluated?

Does the model:

- 11. Provide actionable data and feedback to providers?
- 12. Avoid undue complexity or administrative costs?
- 13. Allow providers to share in savings?
- 14. Penalize providers for delivery of no- or low-value care?
- 15. Require providers to bear risk for avoidable excess costs?

How should models be evaluated?

Does the model:

- 16. Recognize best practices while encouraging health care improvement and innovation?
- 17. Avoid adverse impacts on the health care safety net?
- 18. Avoid adverse impacts on health professions training programs?
- 19. Promote equitable access to quality care for all patients with similar conditions?
- 20. Hold potential for dissemination to additional settings?
- 21. Recognize geographic and socio-economic factors in establishing payment and delivery reform systems?

Draft Recommendations

1. Include improvement of service delivery and payment models as part of an overall vision of excellence in health and health care for all Virginians.
2. Convene multiple stakeholders in collaborative efforts to identify, pilot test, and spread effective models of delivery and payment.
3. Leverage state purchasing power to support improvement of delivery and payment models in state funded programs.

Draft Recommendations

4. Implement state policies and regulations as necessary and prudent to support models emerging from recommendations #2 and #3.
5. Protect the existing health care safety net to ensure its continued existence through the transition period to 2014 and beyond as needed.
6. Leverage federal health reform funding and policy initiatives as appropriate to advance Virginia initiatives for service delivery and payment reform.
7. Advocate to federal policy makers for state flexibility to test and spread improvements.